

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03
H-02 DODE-00 PA-02 PRS-01 /102 W
-----052929 030301Z /61

R 022308Z AUG 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 3957
INFO TREASURY WASHDC

UNCLAS MEXICO 12826

PLEASE PASS COMMERCE AND FEDERAL RESERVE

E.O. 11652: N/A
TAGS: INV, MX
SUBJECT: FOUR NEW RESOLUTIONS OF FOREIGN INVESTMENT
COMMISSION

1. SUMMARY. DIARIO OFICIAL OF JULY 27 CONTAINS FOUR NEW RESOLUTIONS OF THE FOREIGN INVESTMENT COMMISSION. ONE PROVIDES FOR THE CLOSING OF ESTABLISHMENTS THAT WERE OPENED SUBSEQUENT TO PASSAGE OF THE FOREIGN INVESTMENT LAW WITHOUT THE COMMISSION'S APPROVAL. THE OTHER THREE DELEGATE ADDITIONAL AUTHORITY TO THE EXECUTIVE SECRETARY OF THE COMMISSION. END SUMMARY.

2. THE FOREIGN INVESTMENT COMMISSION HAS APPROVED FOUR NEW GENERAL RESOLUTIONS, THE FIRST TO BE APPROVED BY THE LOPEZ-PORTILLO ADMINISTRATION. ONE OF THESE RESOLUTIONS APPEARS TO BE HARSH WHEREAS THE OTHER THREE MERELY DELEGATE AUTHORITY TO THE EXECUTIVE SECRETARY THAT SHOULD SPEED UP CERTAIN DECISIONS. THE GENERAL RESOLUTIONS ONE THROUGH ELEVEN WERE APPROVED IN THE PREVIOUS ADMINISTRATION.
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TION, WITH NUMBER ELEVEN PRINTED IN THE DIARIO OFICIAL OF JANUARY 15, 1976.

3. GENERAL RESOLUTION 12 IS ENTITLED "CLOSING OF NEW ESTABLISHMENTS". IT PROVIDES THAT ANY NEW ESTABLISHMENT OPENED WITHOUT THE APPROVAL OF THE FOREIGN INVESTMENT COMMISSION WILL BE CLOSED WITHIN FIFTEEN DAYS FOLLOWING

NOTIFICATION TO THE NEW ESTABLISHMENT IN QUESTION.

4. GENERAL RESOLUTION 13 IS ENTITLED "TRANSFER OF SHARES OR ASSETS BETWEEN FOREIGN INVESTORS BELONGING TO THE SAME INTEREST GROUP". THIS GIVES THE COMMISSION'S EXECUTIVE SECRETARY THE RIGHT TO RESOLVE THIS MATTER. THE RESOLUTION DEFINES THE TRANSFERS WITHIN THE SAME INTEREST GROUP AS TRANSFERS FROM ONE COMPANY TO ANOTHER WHEN THEY ARE BOTH OWNED BY A THIRD COMPANY, TRANSFERS BETWEEN A COMPANY AND INDIVIDUALS WHEN THE LATTER ARE EMPLOYEES OF THE FORMER, TRANSFER BETWEEN A PARENT COMPANY AND SUBSIDIARY, AND TRANSFER BETWEEN BLOOD RELATIVES.

5. GENERAL RESOLUTION 14, IS ENTITLED "ACQUISITION BY FOREIGNERS OF SMALL LOTS OF SHARES". THIS RESOLUTION DELEGATES TO THE COMMISSION'S EXECUTIVE SECRETARY THE AUTHORITY TO APPROVE SUCH ACQUISITIONS WITHIN THE FOLLOWING LIMITS:

A) WHEN THE INDIVIDUAL TRANSACTION DOES NOT EXCEED 3% OF THE MEXICAN COMPANY'S CAPITAL AND WHEN TOTAL FOREIGN OWNERSHIP DOES NOT EXCEED 33% OF TOTAL CAPITAL; AND
B) TRANSFERS FROM ONE FOREIGNER TO ANOTHER WHEN THE SHARES DO NOT EXCEED MORE THAN 5% OF TOTAL CAPITAL AND FOREIGN OWNERSHIP DOES NOT EXCEED 49% OF TOTAL CAPITAL.

WHEN PREVIOUS FOREIGN OWNERSHIP WAS NOT APPROVED, THE EXECUTIVE SECRETARY CAN APPROVE THE TRANSACTIONS WITHIN UNCLASSIFIED

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THE LIMITS OF A) AND B), BUT WITH THE POSSIBILITY OF A FINE BEING IMPOSED.

6. GENERAL RESOLUTION 15 IS ENTITLED "RELOCATION OF INDUSTRIAL, COMMERCIAL AND SERVICE ESTABLISHMENTS". THIS DELEGATES AUTHORITY TO THE COMMISSION'S EXECUTIVE SECRETARY TO APPROVE SUCH RELOCATIONS WITHIN THE FOLLOWING GUIDELINES

A) FOR COMMERCIAL, ADMINISTRATIVE OR SERVICE ESTABLISHMENTS WHEN RELOCATION IS IN THE SAME ENTITY OF THE REPUBLIC AND THIS DOES NOT IMPLY A MORE THAN 20 INCREASE IN THE SURFACE AREA, NUMBER OF PERSONNEL AND FIXED ASSETS; AND
B) FOR INDUSTRIAL ESTABLISHMENTS WHEN THE RELOCATION IS WITHIN A RELATIVELY LESS DEVELOPED ECONOMIC ZONE AND THERE IS A LESS THAN 40 INCREASE IN THE SURFACE AREA, NUMBER OF PERSONNEL AND FIXED ASSETS.

7. WE HAVE HEARD THAT NEW ESTABLISHMENTS OF EXISTING FOREIGN-OWNED COMPANIES WERE OPENED WITHOUT THE COMMISSION'S APPROVAL, BUT HESITATE TO COMMENT ON IMPACT OF RESOLUTION 12 UNTIL WE CAN GET FURTHER INFORMATION.

OTHER INTERESTED PARTIES ARE DOING LIKEWISE. LUCEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT LAW, RESOLUTIONS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO12826
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770277-0614
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197708106/aaaadmpz.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9de29e4f-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1420268
Secure: OPEN
Status: NATIVE
Subject: FOUR NEW RESOLUTIONS OF FOREIGN INVESTMENT COMMISSION
TAGS: EINV, MX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9de29e4f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009